IN THE

Supreme Court of the United States

AVCO MANUFACTURING CORPORATION and
THE HARRY ALTER COMPANY, INC.,

Petitioners,

—v.—

HAZELTINE RESEARCH, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioners (Defendants below), Avco Manufacturing Corporation and The Harry Alter Company, Inc., respectfully pray for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit to review a judgment of that Court entered October 31, 1955 (Petition for Rehearing denied December 1, 1955) affirming a judgment of the United States District Court for the Northern District of Illinois, Eastern Division (Judge Knoch) decreeing six claims of Toulon reissue patent No. 22055, for Synchronization System for Television, to be valid, infringed and enforceable.

Opinions Below

Consent decrees of non-infringement of claims 1-4, 8, 11 and 12 of the reissue patent in suit were entered at R. 1456-7.

Judge Knoch's opinion, including Findings of Fact and Conclusions of Law, appears at R. 1458 and is reported at 126 F. Supp. 595, and at 103 U. S. P. Q. 120.

The opinion of the Court below appears at page 1a herein,* and is reported at 227 F. 2d 137, and at 107 U. S. P. Q. 187.

Jurisdiction

The jurisdiction of this Court is invoked under 62 Stat. 928, 28 U. S. C. 1952 Ed. 1254(1); 63 Stat. 104, 28 U. S. C. 1952 Ed. 2101 (c); and under Rule 22(3) of the rules of this Court.

The judgment of the Court below was entered October 31, 1955 (p. 24a).

Petition for Rehearing was filed November 14, 1955 and was denied December 1, 1955 (p. 25a).

There has been no extension of time for filing this petition.

Jurisdiction of the District Court was invoked by Respondent under 62 Stat. 931, 28 U. S. C., 1946 Ed., Supp. II, Vol. 1, 1338.

Jurisdiction of the Court of Appeals was invoked under 62 Stat. 929, 28 U. S. C. (1952 Ed.) 1292(4).

Reasons Relied on for Granting Writ

1. There is a direct conflict between Circuits on an important point of law which has not been, but should be, decided by this Court.

2. There is little likelihood of further litigation on the patent.

3. The questions are of public importance.

4. There is a direct conflict with decisions of this Court.

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* Page numbers followed by "a" designate Appendix hereto.

Questions Presented

The questions presented, stated affirmatively, are:

1. The reissue section of the Patent Act of 1952 (66 Stat. 808, 35 U. S. C. 1952 Ed. 251) should not be construed to permit expanded patent monopolies by abrogating the law established by this Court under the old reissue statute (45 Stat. 732, 35 U. S. C. 1934 Ed. 64; R. S. 4916) that claims in a reissue patent are invalid

> (a) which broadened the original patent by omitting a limitation which was intentionally accepted in all claims of the original patent in order to get those original claims allowed; or
>
> (b) which broadened the original patent by omitting a limitation which had been embodied in all the original claims through an asserted error on the part of the attorney, not affirmatively shown to have arisen by inadvertence, accident, or mistake; or
>
> (c) which broadened the original patent by omitting an element which was contained in all claims of the original patent, where there was no statement in the original patent that the element might be omitted in practicing the invention;

a reissue patent issued in 1942 which is invalid under the old reissue statute for any of these reasons, does not become valid because of the passage of the new reissue statute.

2. The new reissue statute should not be construed to permit an assignee (or patentee) to reissue an original patent for the declared purpose of broadening the original patent claims by omitting a limitation of the original claims, in order to cover the subsequent development of another.

3. A reissue patent issued in 1942, without compliance with the requirements of the then existing law, may not,

through retroactive application of the new reissue statute, be held valid and infringed by structures made and sold only in 1950 and 1951, prior to the new reissue statute, which was effective January 1, 1953, when Section 5 of the new Act (page 28a herein), which repealed a number of sections, including the old reissue statute, provided:

> "Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal."

Statutes

The statutes involved in this case are as follows, and are set out in the appendix hereto:

R. S. 4916 (45 Stat. 732, 35 U. S. C. 1934 Ed. 64)—Reissue statute in effect in 1937 and 1942.

66 Stat. 808, 35 U. S. C. 1952 Ed. 251—New reissue statute.

Patent Act of 1952 (Public Law 593, 82d Congress, 2d Session, Chap. 950, 66 Stat. 792, approved July 19, 1952):

Sec. 4(a) (66 Stat. 815) (Time of Taking Effect), and

Sec. 5 (66 Stat. 815) (Repeal of Prior Statutes).

Statement of the Case

The Pleadings, Patent in Suit, and Accused Structure.

Hazeltine sued for infringement of 6 added claims of Toulon Reissue patent No. 22,055 (R. 1525-1527), issued March 24, 1942 on an application for reissue filed April 24, 1941.

Petitioners counterclaimed for a declaratory judgment of invalidity and non-infringement of all claims 1-13 (R. 45).

The original patent No. 2,227,815 (R. 1530) issued January 7, 1941 on an application filed on July 3, 1937 under the International Convention, and filed in France July 8, 1936 (Patent, R. 1583; translation, R. 1587). Its 4 claims (claims 1-4 of the reissue) were held not infringed (R. 1456).

The complaint was filed in 1951 (R. 4) before the passage of the Patent Act of 1952. The trial was in 1953 (R. 10), after that Act went into effect.

The accused Avco set (Model 11-445MU), the only device held to infringe (Conclusion 9, R. 1470), was made only in 1950 and 1951 (R. 887), before the new Patent Act was passed.

The Decisions Below

The Court below affirmed Judge Knoch in holding added reissue claims 5, 6, 7, 9, 10 and 13 valid and infringed and enforceable.

On the counterclaim consent judgments of non-infringement were entered (R. 1456-7) on all the remaining claims, including all four claims of the original patent (R. 1532-3), which were repeated verbatim as claims 1-4 of the reissue.

The Court of Appeals held (13a) that the 1952 Patent Act "rather than the prior law, governs this case."

The Importance of the Patent

The Courts below held the patent to be of great importance in the television receiver industry. Judge Knoch said in Finding 9 (R. 1461):

> "9. Since 1947 the Toulon invention, as described, has gone into widespread commercial use and at the present time is embodied in substantially all commercial television receivers. With the exception of

> Defendant Avco Mfg. Corp., all major manufacturers of television receivers, accounting for more than ninety per cent of current production, have recognized the patent in suit by operating under license from Plaintiff with respect to such patent, as well as others of Plaintiff's patents. * * *"

All such licenses are under Hazeltine's 600 patents (Stip. 11, R. 1377; R. 49-79).

The Parties

Plaintiff, Hazeltine Research, Inc., is a patent holding and licensing company in the field of radio and television receivers (Stip. 3, R. 907).

Defendant Avco Manufacturing Corporation is a manufacturer of television receivers (Stip. 6, R. 907).

Defendant The Harry Alter Company, Inc. was Avco's Chicago distributor when the complaint was filed (Stip. 14, R. 908).

The Toulon Invention

The patent relates to synchronizing a television receiver with a transmitter. It has to do with the receiver only.

In view of the nature of the questions presented, it is not necessary here to go into the details of the invention. It involved a combination of well known elements. The vital element, included in all four claims of the original patent, is:

> "means for transforming said synchronizing signals to have a wave form substantially the same as the output wave form of said relaxation device," (R. 1532-3)

This means was referred to at the trial for brevity as "sync transforming means" (R. 210-11). Each of these claims

also recites as the necessary antecedent for the sync transforming means:

> "a relaxation device having a saw-tooth output wave form," (R. 1532-3)

Avco Does Not Use a Sync Transforming Means

Avco does not use a sync transforming means (R. 212) and reissue claims 1-4 (the claims identical with the original patent claims) were held not infringed by consent for that reason (R. 468-470; 1456-7). No claim held infringed includes the sync transforming means.

Toulon in the Original Patent Intentionally Accepted Claims All of Which Included a Limitation to Sync Transforming Means

Toulon intentionally included his sync transforming means in every claim of his original patent and intentionally accepted those claims and intentionally canceled all other claims, in order to get the patent allowed by the Patent Office.

He originally presented claims both with this means and without it (R. 1112-13). He argued in the Patent Office (R. 1129-30) that this feature was a distinction between his invention and the prior art, and he added claims containing it (R. 1128) and intentionally canceled claims without it (R. 1120, 1136). Three times the Patent Office imposed the limitation by refusing to allow claims without it (R. 1119, 1124, 1135).

At the close of the prosecution of the original patent Toulon's agent Langley (Stip. 35, R. 1378) and attorney Hodges (R. 1125) intentionally asked for the allowance of the four claims containing this element and intentionally canceled the rejected claims (Def. Exh. 31, R. 1085; Stip.

19, R. 1384). In Exhibit 31 Langley said on Oct. 19, 1939, in giving instructions to Hodges to cancel all other claims (R. 1085):

> "We intend to cancel the rejected claims and to ask for an allowance with the four claims now indicated as allowable."

A formal request (R. 1136) that this be done was filed in the Patent Office on Nov. 6, 1939. This request was prepared by Langley and filed by Hodges (Def. Exh. 32, R. 1086; Stip. 19, R. 1384). The Patent Office acceded and granted the original patent (R. 1137).

The Patent Was Reissued to Claim for Toulon a Combination Later Devised by Another, Which Did Not Use a Sync Transforming Means

In 1938 Toulon submitted his original application to Hazeltine for purchase (R. 1346). It was rejected as not "fundamental in nature" (Def. Exh. 131, R. 1350; Stip. 65, R. 914).

On February 2, 1940 a Hazeltine engineer, Loughren, devised a synchronizing system which did not use a sync transforming means (Adm. 17, 20, R. 1394, 1397, 1398; Stip. 37, 40, R. 911-12, 913; Exh. P-266, R. 940-44).

Hazeltine reopened negotiations for purchase of the original Toulon application (R. 1352) and bought it on September 12, 1940 (Stip. 35, R. 1378). The application then had been allowed with the four claims with which the original patent later issued (R. 1137).

Hazeltine admits that it bought the application for the purpose of reissuing the patent, when issued, to claim the Loughren system for Toulon by securing added claims not limited to the sync transforming means (Adm. 20, R. 1394, 1398; Stips. 36, 37, R. 911-12; Stip. 40, R. 913).

Stipulation 37 reads in part:

> "37. Circumstances Leading Up to the Discovery of Such Alleged Defects.
>
> "• • • The aforesaid Toulon application was then again reviewed and it was determined that the claims standing allowed therein were of such limited scope that they did not cover the synchronizing system independently devised by the Hazeltine engineer as aforesaid and it was concluded that, if and when Hazeltine Corporation should acquire the patent to issue on aforesaid application Serial No. 151,807, it would be advisable to reissue the same to correct the aforesaid defect in the claims thereof."

Request and Admission No. 20 (R. 1394, 1398) read as follows:

> "20. That the claims of U. S. Patent No. 2,227,815 did not cover said Loughren system (Exhibit D-61) in that the claims included an element which the Loughren system did not, to-wit, means for transforming the synchronizing signals to have a wave form substantially the same as the output wave form of the relaxation device.
>
> "20. Plaintiff admits the truth of statement No. 20."

Under the purchase agreement (R. 1356-60) Hazeltine made a down payment to Toulon, paid the Patent Office final fee (R. 1060), got the original patent issued (Stips. 35, 41-43, R. 1378-9; Adm. 79, 81, R. 1369, 1399), and prepared a reissue application with an oath for Toulon's signature. The remainder of the purchase price was to be paid if Toulon signed the reissue oath (R. 1358).

Neither Toulon nor his agent was told at the time of the agreement what defect or insufficiency would be alleged to be present in the original patent when it issued; what inadvertence, accident or mistake would be alleged to have occurred in the prosecution of the original patent; or

what would be claimed in the reissue patent different from the claims in the original (Stips. 41, 43, R. 1379). Nevertheless, his agent agreed that part of the purchase price would be contingent on Toulon's signing a reissue oath (R. 1358). Toulon signed the oath presented to him on February 27, 1941 (R. 1179) and got the rest of his money.

Hazeltine accomplished its purpose. The reissue application was filed by Hazeltine, allowed, and issued with added claims which omitted the sync transforming means in order to cover the Loughren system.

The oath (signed on February 27, 1941—R. 1179) gives the impression that a mistake had been discovered subsequent to the issue of the original patent on January 7, 1941, and within 30 days before the date the oath was signed. It alleges (R. 1179):

> "it was not until within the last thirty days, in connection with a proposed sale of rights under said Letters Patent, that it was called to his attention for the first time that the specification of Letters Patent No. 2,227,815 was defective in the above-mentioned particular;"

It is stipulated that the alleged defects were discovered by Hazeltine engineers prior to September 12, 1940 (R. 911, Stip. 36), four months before the original patent issued, and five and one-half months before the reissue oath was signed.

Stipulation 36 reads in part:

> "36. Circumstances Surrounding Alleged Defects Relied upon for Reissue.
>
> "The alleged defects in the specification of Patent No. 2,227,815 set forth in the application for reissue thereof were discovered jointly by the engineers of Hazeltine Electronics Corporation, * * * in discussions during the period of negotiation for the purchase of the

> Toulon application, * * * just prior to the acceptance of Hazeltine's offer therefor by the agents of Toulon on or about September 12, 1940."

In the oath the defect was said to be (R. 1177):

> "the failure adequately to claim certain features of *his* invention;" (Emphasis added.)

The Patent Office was not told the reissue application was being filed to cover Loughren's system; or that Toulon's agents expressly intended to obtain the original claims which included the limitation to sync transforming means and to cancel the rejected claims (Def. Exh. 31, R. 1085); or that Hazeltine had determined to reissue before the original patent issued, to the knowledge of Toulon's agent Langley (Stips. 36 and 37, R. 911; Stip. 42, R. 1379).

The Court below, in retroactively applying the new reissue statute, has held that such facts, clearly material to the question of whether or not the supposed defects of the original patent had arisen without fraudulent intention and by inadvertence, accident or mistake, are no longer material (Finding 19, R. 1466; p. 18a).

We show below that it is contrary to established law to reissue a patent to cover subject matter later devised by another and not disclosed in the original patent (pp. 13-17, 22-23 and 25 herein).

The Reissue Patent Broadened the Claims in Issue by Omitting the Sync Transforming Means

None of the claims in issue includes the limitation to sync transforming means. All were broadened by reissue by omitting that limitation.

The Court below held that the inclusion of the sync transforming means in the original claims was an error made by Hodges, Toulon's attorney. It said (p. 14a):

"In accepting the original patent with only the four claims allowed, Toulon's attorney, Albert R. Hodges, erred."

The Court below, in retroactively applying the new reissue statute, failed to adhere to the traditional substantive requirement of the old statute that any error in the acceptance of the original claims must have arisen "by inadvertence, accident, or mistake" (the words of the old statute omitted from the new). As shown above at pages 7-8, that acceptance was actually intentional. There was no finding below that any error arose by inadvertence, accident or mistake. We show below at page 28 that any error was at most an error in judgment.

We also show below that under the reissue statute in effect in 1937 and 1942 a reissue patent cannot enlarge the claims of an original patent by omitting a limitation once intentionally included (pp. 27-28 herein), or correct a mistake in judgment made by the applicant or his attorney (pp. 28-29 herein). We submit that the 1952 Act does not change this law.

The Original Patent Does Not State That the Sync Transforming Means May Be Omitted

The Court below held that Toulon did not "conceive" his invention as being restricted to a sync transforming means (p. 11a). The original patent contains no statement that the sync transforming means might be omitted, and states twice that it is provided "in accordance with the invention" (R. 1531, col. 1, l. 42; col. 2, ll. 20-23).

We show below that it must appear from the face of the original patent that what is covered by the reissue was intended to have been covered and secured by the original (pp. 26-27 herein). We submit that the 1952 Act does not change this law.

Avco Now Has a Contingent License

Since the decision of the Court of Appeals, Avco has taken a license under all Hazeltine patents except the Toulon reissue patent here in issue, with the provision that that patent is to be added to the license if the decision of the Court of Appeals is not reversed by this Court. The effect of this contingent license is to avoid the injunction decreed below, leaving for adjudication the questions of validity of the patent and liability for prior use.

ARGUMENT

Evils Attending Reissue Patents Have Again Assumed Large Proportions

Before arguing the specific reasons for granting this Writ, we wish to point out the evils in the granting of reissue patents which this Court has frequently condemned as "the occasion of immense frauds against the public" (*Leggett* v. *Avery,* 101 U. S. 256, 259 (1880)), which evils have in the past "assumed large proportions" (*Miller* v. *Bridgeport Brass Co.,* 104 U. S. 350, 354-5 (1882)).

Reissue patents are granted and enforced with little attention to the statutory requirements. The requirements since 1832 have been that there must have been error arising by inadvertence, accident or mistake in the prosecution of the original patent, and that this must have occurred without fraudulent or deceptive intention, and that the reissue patent be for the "same invention" intended to be secured by the original patent (the 1952 Patent Act also requires "error without any deceptive intention" but does not use the words "inadvertence, accident or mistake"; and it requires that the reissue patent be "for the invention disclosed in the original" but does not use the words "same invention").

The frequency with which reissue patents are applied for and granted appears to bear no relation to the occurrence of actual mistakes in Patent Office prosecution, but to depend on the judicial climate at any particular time as created by decisions of this Court. The figures on the sharp change in the number of reissue patents granted at various times under different climates, and the figures at the present time, indicate a strong need for this Court's supervision at this time.

In the 1870's and 1880's there were a number of decisions of this Court calling attention to the excessive number of fraudulent reissues covering developments made after the original application was filed.

In *Manufacturing Co.* v. *Ladd,* 102 U. S. 408 (1880) this Court, referring to a reissue covering a later development, said at page 411:

> "**The usual remedy in such cases is resorted to.** A reissue of the patent is sought, with expanded claims, sufficiently general and comprehensive to embrace a wide monopoly of structure, and to shut up competing establishments. In this way, **the patent laws have been made the instruments of great injustice and oppression.** The real object and design of a re-issue of a patent have been abused and subverted." (Emphasis added.)

In *Miller* v. *Bridgeport Brass Co.,* 104 U. S. 350 (1882), this Court said at pages 351-2:

> "These afterthoughts, developed by the subsequent course of improvement, and intended, by an expansion of claims, to sweep into one net all the appliances necessary to monopolize a profitable manufacture, are **obnoxious to grave animadversion.**" (Emphasis added.)

and at pages 354-5:

> "But by a curious misapplication of the law it has come to be principally resorted to for the purpose of enlarging and expanding patent claims. **And the evils which have grown from the practice have assumed large proportions.**" (Emphasis added.)

From 1836 to 1880 there were 9,523 reissue patents issued and 236,137 original patents. The ratio was 4%, or one reissue for every 25 originals.*

The judicial climate created by the cases just discussed effected a radical change, as shown by the following table:

Year	No. of Reissue Patents	No. of Original Patents	Originals per Reissue	Ratio of Reissues to Original
1880	505	12925	25.6	3.9%
1881	470	15547	33	3.02%
1882	270	18137	67	1.49%
1883	166	21195	127	0.79%
1884	116	19146	165	0.61%
1885	128	23330	182	0.55%
1886	115	21796	189	0.53%
1887	99	20428	207	0.48%
1888	85	19584	230	0.43%
1889	74	23359	318	0.32%
1890	83	25321	305	0.33%

The last ratio, of .33%, might be considered the normal ratio, as there was nothing in the judicial climate to discourage honest reissues. It might also be considered normal because it was maintained for the following decade.

In the decade from 1890 to 1899 there were 744 reissues and 221,501 originals, or one reissue for every 298 originals, a ratio of 0.335%.

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* All figures are taken from the Annual Index of Patents and the Official Gazette, both published by the United States Patent Office.

But the effects of the 1870-90 decisions wore off, and the climate changed. In 1940 there were 372 reissues and 43,090 originals, a ratio of .9%, nearly three times the normal ratio. There was one reissue patent for every 116 originals.

In 1940, in *Sontag Chain Stores* v. *National Nut Co.*, 310 U. S. 281, this Court twice in its opinion (pp. 289 and 293) quoted with approval the quotation above from *Miller* v. *Bridgeport Brass Co.*, 104 U. S. at 355, that

> "the evils which have grown from the practice have assumed large proportions."

The reissue rate then started down, being given added impetus by *U. S. Industrial Chemicals, Inc.* v. *Carbide & Carbon Chemicals Corp.*, 315 U. S. 668 (1942), reaching .56% in 1943, one reissue for every 180 originals (173 reissues, 31,074 originals).

In 1944 this Court held in *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, 250 (1944) that fraud on the Patent Office in obtaining a patent is a good defense against enforceability of the patent (p. 24 herein).

In 1945 this Court in *Precision Instrument Manufacturing Co.* v. *Automotive Maintenance Machinery Co.*, 324 U. S. 806 (1945), said at page 818:

> "Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an uncompromising duty to report to it **all facts concerning possible fraud or inequitableness underlying the applications in issue.** Cf. Crites, Inc. v. Prudential Ins. Co., 322 U. S. 408, 415, 88 L. Ed. 1356, 1361, 64 S. Ct. 1075. This duty is not excused by reasonable doubts as to the sufficiency of the proof of the inequitable conduct nor by resort to independent legal advice. Public interest demands that all facts relevant to such matters be submitted formally or informally to

> the Patent Office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to **safeguard the public in the first instance against fraudulent patent monopolies.** Only in that way can the **Patent Office and the public escape from being classed among the 'mute and helpless victims of deception and fraud.'** (Hazel-Atlas Glass Co. v. Hartford-Empire Co., supra, 322 U. S. 246, 88 L. Ed. 1255, 64 S. Ct. 997.)" (Emphasis added.)

The reissue rate continued going down, in the climate of these cases.

In 1950 there were 129 reissues and 43,072 originals, back to the normal ratio of .3%, or one reissue for every 334 originals.

But things have changed again. The effects of those decisions have begun to wear off.

In the calendar year 1955 there were 187 reissues and 30,479 originals, a ratio of .61%, twice normal. There was one reissue for every 163 originals.

Hazeltine's proportion of reissues is 3.8%, twelve times normal. It has 19 reissue patents and 501 originals (R. 64-76). This is one reissue for every 26 originals. This is the proportion referred to by this Court as "obnoxious to grave animadversion" (p. 14 above).

It is hard to believe that actual mistakes occurred more than twice as often in 1955 as in 1950 or in the 1890's. It is also hard to believe that actual mistakes occur 12 times as often in Hazeltine's patent prosecution. The better conclusion is that this Court should again look at reissues, and particularly should scrutinize this reissue.

POINT 1

There is a direct conflict between Circuits on an important point of law which has not been, but should be, decided by this Court.

The Court below held at page 13a that the 1952 Patent Act, "rather than the prior law, governs this case," despite the fact that plaintiff's rights were acquired under the old law and all the alleged infringing acts occurred prior to the enactment of the new Act (R. 887, p. 5 above).

This is in direct conflict with the following cases in the Fifth and Sixth Circuits:

> *Texas-Miller Hat Corp.* v. *Switzer Bros., Inc.*, 201 F. 2d 824, 825 (C. A. 5, 1953);
> *General Motors Corp.* v. *Estate Stove Co.*, 203 F. 2d 912, 917 (C. A. 6, 1953).

In the *Texas-Miller* case the Court, in reversing a holding of validity, and refusing retroactive application of the new Act, said at page 825:

> "The newly enacted Patent Codification Act did not go into effect until Jan. 1, 1953, and has no application to the present case. See last sentence of the new act, Sec. 5, which preserved existing rights under repealed sections."

In the *General Motors* case the Court at page 917 quoted with approval the above quotation from the *Texas-Miller* case.

The following cases were cited by the Court below in support of its holding that the 1952 Patent Act has retroactive application (13a):

> *Lyon* v. *Bausch & Lomb Optical Co.*, 224 F. 2d 530, 536 (C. A. 2, 1955);

Pacific Contact Laboratories v. *Solex Laboratories*, 209 F. 2d 529, 533 (C. A. 9, 1953).

In those cases Section 5 was not mentioned, as it also was not by the Court below in the present case. In every case in which Section 5 has been mentioned retroactive application has been denied.

The question whether there may be retroactive liability under the new Act for acts done prior to its enactment has arisen and been decided at least six times prior to the present case since January 1, 1953. In addition to the four cases above, there have also been the following cases considering the point and in conflict with the Court below:

Hartley Pen Co. v. *Lindy Pen Co.*, 16 F. R. D. 141, 145 (S. D. Cal., 1954);
Diebold, Inc. v. *Record Files, Inc.*, 114 F. Supp. 375, 376 (N. D. Ohio, 1953).

There will undoubtedly be many more. The conflict noted above indicates the confusion which now exists and will continue to exist until settled by this Court.

The Court below also held the Toulon reissue patent valid on grounds in direct conflict with the old law as declared by this Court (Point 4 below), thereby holding in effect (without expressly so stating) that the new reissue statute differs from the old and abrogates former substantive requirements for reissue patents. In this the decision below is also in conflict with *Riley* v. *Broadway-Hale Stores, Inc.*, 217 F. 2d 530 (C. A. 9, 1954). In that case the Court said at page 531, in affirming the comprehensive lower Court opinion declaring a reissue patent invalid (114 F. Supp. 884, 887-9, D. C., S. D. Cal., 1953):

"the test as to what type of error is required to warrant a reissue remains the same as before."

As shown below under Point 4, the Court below held the reissue patent valid under the new reissue statute despite the fact that it is invalid under the old statute for any one of four reasons, under doctrines long and firmly established by this Court under the old statute.

Either the decision below is in direct conflict with those of the Fifth and Sixth Circuits in retroactively applying the new reissue statute or it is in direct conflict with the decision of the Ninth Circuit in failing to adhere to the substantive requirements of the old reissue statute as declared by this Court (Point 4 below).

POINT 2

There is little likelihood of further litigation on the patent.

Hazeltine has substantially the entire radio and television industry licensed under its entire group of some 600 patents (Stip. 11, R. 1377). Its licensees include every large company, such as RCA (R. 253, 254), General Electric, Westinghouse, Emerson (R. 262), Du Mont (R. 263), Zenith, Philco, Admiral (R. 1252), Motorola (R. 542), etc.

The patent in suit is the only unexpired patent owned by Hazeltine which has ever been held valid and infringed in a contested case (the present case—it has never before been adjudicated) (Adm. 44, R. 1395, 1398). The patent will expire on Jan. 7, 1958. If the entire industry, except Avco, was willing to pay royalties without contest before the present decision, there is little chance of a contest now, in view of the tremendously broad scope attributed to the patent in the Courts below. And of course no one can challenge the patent until his present 5-year (R. 60) license expires, which may be too late.

This Court has frequently granted certiorari because of the unlikelihood of further litigation, despite absence of conflict as to validity.

Schriber-Schroth Co. v. *Cleveland Trust Co.*, 305 U. S. 47 (1938), at page 50;
Muncie Gear Works v. *Outboard, Marine & Mfg. Co.*, 315 U. S. 759 (1942), at pages 765-6;
Exhibit Supply Co. v. *Ace Patents Corp.*, 315 U. S. 126 (1942), at page 128.

POINT 3

The questions presented are of public importance.

It Is of Public Importance That an Entire Industry Should Not Pay Patent Royalties Unless Justified

The royalties paid to Hazeltine by the entire radio and television industry are paid in turn by the public. These royalties are paid without consideration of whether a license is needed. Hazeltine's Director of Research, Loughren, euphemistically called this a desire for "freedom of design." He defined this as not "stopping to worry about whether or not a license may be needed." His testimony was (R. 829):

> "Q. Can you tell me in general, from your contacts with the licensees, what your impression is of what they really want in the way of licenses? A. There is no single answer that fits all cases, but the indication that develops in one's mind after talking with a good many of them is that for many of them the freedom of design, the freedom to use this or that or something else, without stopping to worry about whether or not a license may be needed, is a very substantial consideration in their minds."

This apparently blind subservience may be explained by the facts that Hazeltine has 600 patents, so it can sue as often as necessary, and royalties may be limited by the licensees to a lump sum of $50,000. a year (R. 55, Sec. 6), a sum comparable to the cost of litigation.

It is clearly of public importance that royalties not be paid under the patent in suit unless they are justified. There is no way to determine whether they are justified except by litigation.

As long ago as 1892 this Court said in *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, at page 234:

> "It is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly;"

And in the case of *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238 (1944) this Court said at page 246:

> "This matter does not concern only private parties. There are issues of great moment to the public in a patent suit. Mercoid Corp. v. Mid-Continent Investing Co., decided January 3, 1944 (320 U. S. 661, 88 L. Ed. 376, 64 S. Ct. 268); Morton Salt Co. v. G. S. Suppiger Co., 314 U. S. 488, 86 L. Ed. 363, 62 S. Ct. 402."

The Reissue of Patents to Cover Subsequent Developments Is a Matter of Paramount Public Importance (pages 8 to 11 above)

This Court has referred to the reissue of a patent to cover developments made after it was filed, as the occasion of "immense frauds against the public" and as the "greatest fraud."

In *Leggett* v. *Avery*, 101 U. S. 256 (1880) this Court said at page 259:

"The allowance of claims once formally abandoned by the applicant, in order to get his letters-patent through, is the occasion of immense frauds against the public."

In *Manufacturing Co.* v. *Ladd,* 102 U. S. 408 (1880) the Court said at page 411:

"A re-issue can only be granted for the same invention which was originally patented. If it were otherwise, a door would be opened to the admission of the greatest frauds."

In the case of *Precision Instrument Manufacturing Co.* v. *Automotive Maintenance Machinery Co.,* 324 U. S. 806 (1945) this Court said at page 815:

"A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the 'Progress of Science and Useful Arts.' At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, **give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct** and that such monopolies are kept within their legitimate scope." (Emphasis added.)

It Is of Public Importance That the Statutory Requirements for Reissue Patents Be Observed to Keep Them Within Their Proper Scope (pages 13-17 above)

We have pointed out above at pages 13 to 17 the "immense frauds" against the public occasioned by improper reissue patents in the past and the present tendency in that direction at this time.

The public importance involved in the strict observance of the statutory requirements for reissue patents is obvious from that discussion.

It is also obvious that the Court below in expressly holding that the new reissue statute "rather than the prior law, governs this case" (13a) and in condoning under that statute this reissue patent which has all the evils so strongly condemned by this Court under the old statute, may well open the flood gates to further evils unless promptly checked.

The Court Below Disregarded the Public Interest and Opened the Flood Gates

The Court below held at page 18a that one sued for infringement may not set up as a defense that the patent was fraudulently obtained. In support of this decision it cited four cases of this Court, the latest of which was decided in 1888. In its opinion the Court said at page 18a:

> "Moreover, it has been held that a person 'sued for infringement will not be permitted to set up as a defense that the patent was fraudulently obtained, no fraud appearing on its face.' *Alliance Securities Co.* v. *J. A. Mohr & Son,* 14 F. 2d 793, 798. The leading case is *Mowry* v. *Whitney,* 81 U. S. 434, 14 Wall., 434. To the same effect are *Rubber Co.* v. *Goodyear,* 76 U. S. 788, 789, 9 Wall., 788, 789; *Railroad Co.* v. *Dubois,* 79 U. S. 47, 64; *United States* v. *Bell Telephone Co.,* 128 U. S. 315, 373; *Buckingham Products Co.* v. *McAlser Mfg. Co.,* 108 F. 2d 192, at 195, and *Carson Investment Co.* v. *Anaconda Copper Mining Co.,* 26 F. 2d 651, 660."

This is in direct conflict in principle with the decision of this Court in *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.,* 322 U. S. 238 (1944). In that case this Court said at page 250:

> "Had the District Court learned of the fraud on the Patent Office at the original infringement trial, it would have been warranted in dismissing Hartford's case."

In the following cases the Courts have held or recognized that under the *Hazel-Atlas* decision fraud is a competent defense in a patent infringement suit, rendering the patent unenforceable for unclean hands:

Wooldridge Manufacturing Co. v. *R. G. Le Tourneau, Inc., et al.*, 79 F. Supp. 908 (N. D. Cal., 1948);

Randolph Laboratories, Inc. v. *Specialties Development Corp.*, 199 F. (2d) 680, 682 (C. A. 3, 1952); cert. den. 345 U. S. 910;

Mas v. *Coca Cola Co.*, 163 F. (2d) 505, 507 (C. A. 4, 1947);

Mas et al. v. *Coca Cola Co.*, 198 F. (2d) 380 (C. A. 4, 1952);

Monolith Portland Mid. Co. v. *Reconstruction F. Corp.*, 128 F. Supp. 824, 855 (S. D. Cal., 1955).

POINT 4

There is a direct conflict with decisions of this Court.

If the new reissue statute made no substantive change in the law, the decision below is in conflict with the following cases in this Court.

A Reissue Patent Is Invalid Which Was Filed to Cover the Later Development of Another—Conflict in Principle With Leggett v. Avery, 101 U. S. 256 (1880) and Manufacturing Co. v. Ladd, 102 U. S. 408 (1880) (pages 8-11 above)

This conflict is shown on pages 22-23 above under the heading "The Reissue of Patents to Cover Subsequent Developments Is a Matter of Paramount Public Importance" and at pages 8-11 above under the heading "The Patent Was Reissued to Claim for Toulon a Combination Later Devised by Another, Which Did Not Use a Sync Transforming Means."

A Reissue Patent Is Invalid Which Omits One Element Prescribed in the Original— Conflict With U. S. Industrial Chemicals, Inc. v. Carbide and Carbon Chemicals Corp., 315 U. S. 668 (1942) (pages 11-12 above)

The Court below held the claims in issue valid under the 1952 Act although they omitted the sync transforming means, which element was included in every claim of the original patent, and although there is no statement in the original patent that it may be omitted, and two statements that it is provided "in accordance with the invention" (p. 12 above).

The Court held (11a) that Toulon did not "conceive" his invention as being restricted to include his sync transforming means. It ignored the absence of any statement in the original patent that this means might be omitted.

The Court below also held (12a) that Toulon's original patent disclosed each of the elements of the reissue claims, and jumped to the illogical conclusion that this satisfied the new statute. It again ignored the fact that Toulon did not state that the sync transforming means might be omitted in practicing his invention and did not disclose any combination without that means. The Court relied upon expert testimony rather than upon the original patent itself.

This is in direct conflict with *U. S. Industrial Chemicals, Inc.* v. *Carbide and Carbon Chemicals Corp.*, 315 U. S. 668 (1942). That case is a deadly parallel to the present case. In that case this Court said at page 676:

> "If there be **failure of disclosure** in the original patent of matter claimed in the reissue, it will not aid the patentee that the new matter covered by the reissue was **within his knowledge** when he applied for his original patent. And **it is not enough** that an invention **might have been claimed** in the original patent because

> it was suggested or indicated in the specification. **It must appear from the face of the instrument** that what is covered by the reissue **was intended to have been covered** and secured by the original." (Emphasis added.)

and at page 678:

> "This Court has uniformly held that the omission from a reissue patent of one of the steps or elements prescribed in the original, thus broadening the claims to cover a new and different combination, renders the reissue void, even though the result attained is the same as that brought about by following the process claimed in the original patent."

The Court then reviewed two of its own earlier decisions and added on page 679:

> "Many other cases might be cited to the same effect."

Reissue Claims Are Invalid Which Omit a Limitation Intentionally Accepted in the Original Patent Claims—Conflict With Dobson v. Lees, 137 U. S. 258 (1890) (pages 7-8, 11 above)

The Court below held the claims in issue valid under the 1952 Act although they omitted the sync transforming means—despite the facts that every claim of the original patent was limited to a sync transforming means, and that this limitation was imposed by the Patent Office and intentionally accepted, and relied on to overcome rejection by the Patent Office, and expressly argued to be a feature of novelty which distinguished from the prior art cited by the Patent Office as the basis for rejection (pp. 7-8 above).

This is in direct conflict with the leading and authoritative case of *Dobson* v. *Lees,* 137 U. S. 258 (1890). In that case this Court said at page 265:

> "A reissue is an amendment, and cannot be allowed unless the imperfections in the original patent arose without fraud, and from inadvertence, accident, or mistake. Rev. Stat. §4916. Hence, **the reissue cannot be permitted to enlarge the claims of the original patent by including matter once intentionally omitted.** Acquiescence in the rejection of a claim; its withdrawal by amendment, either to save the application or to escape an interference; **the acceptance of a patent containing limitations imposed by the Patent Office, which narrow the scope of the invention as at first described and claimed**—are instances of such omission." (Citing cases.) (Emphasis added.)

A Reissue Patent Is Invalid Which Merely Corrects an Error of Judgment Made in Prosecuting the Original—Conflict With Dobson v. Lees, 137 U. S. 258 (1890) (pages 11-12 above)

The Court below held (14a) that omitting the limitation to sync transforming means from the reissue claims after that limitation had, through an asserted error on the part of Toulon's attorney, been included in every claim of the original patent and argued to be a limitation that made the claims patentable, did not invalidate the reissue claims under the 1952 Act (pp. 7-8, 11-12 above). Since there was no finding by either Court below that any error arose by inadvertence, accident or mistake, and the original patent claims were intentionally accepted, the error could have been only one of judgment.

This is in direct conflict with *Dobson* v. *Lees*, 137 U. S. 258 (1890), which held that an error of judgment may not be corrected by reissue, whether made by the attorney or by the applicant himself. In that case this Court said at 137 U. S. 265:

> "There is no room for the contention that there was any inadvertence, accident or mistake in the premises. Nor, in the light of these protracted proceedings in the Pat-

ent Office, can the applicant be permitted to treat the deliberate acts of his attorney as the result of inadvertence, accident or mistake."

In *General Radio Co.* v. *Allen B. Du Mont Laboratories, Inc.*, 129 F. 2d 608 (C. C. A. 3, 1942; cert. den. 317 U. S. 654), the Court said at page 611:

"But an error of judgment, even though made by the solicitor and not by the patentee himself, is binding upon the patentee and may not be rectified by a reissue patent." (Citing *Dobson* v. *Lees,* 137 U. S. 258.)

CONCLUSION

It is accordingly prayed that this Petition be granted.

Respectfully submitted,

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